

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3648

To amend the Internal Revenue Code of 1986 to provide investment incentives for any corporation with a majority of its manufacturing operations in the United States.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 22, 1993

Mr. HUNTER (for himself, Mr. EVERETT, Ms. KAPTUR, and Mr. TRAFICANT) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide investment incentives for any corporation with a majority of its manufacturing operations in the United States.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Jobs Friendly America  
5       Act”.

1 **SEC. 2. ACCELERATED DEPRECIATION FOR EQUIPMENT**  
2 **USED TO MANUFACTURE OR DEVELOP PROD-**  
3 **UCTS IN THE UNITED STATES.**

4 (a) IN GENERAL.—Subparagraph (A) of section  
5 168(e)(3) of the Internal Revenue Code of 1986 (relating  
6 to classification of property) is amended by striking “and”  
7 at the end of clause (i), by striking the period at the end  
8 of clause (ii) and inserting “, and”, and by adding at the  
9 end the following new clause:

10 “(iii) any tool of production of a  
11 qualifying corporation (as defined in sub-  
12 section (i)(14)) used by such corporation  
13 to manufacture or develop products in the  
14 United States.”

15 (b) QUALIFYING CORPORATION.—Subsection (i) of  
16 section 168 of such Code is amended by adding at the  
17 end the following new paragraph:

18 “(14) QUALIFYING CORPORATION.—

19 “(A) IN GENERAL.—The term ‘qualifying  
20 corporation’ means any corporation having a  
21 majority of its manufacturing equipment in the  
22 United States.

23 “(B) CONTROLLED GROUPS.—For pur-  
24 poses of subparagraph (A), all corporations  
25 which are members of the same controlled  
26 group of corporations shall be treated as 1 cor-

poration. For purposes of the preceding sentence, the term ‘controlled group of corporations’ has the meaning given such term by section 1563(a); except that—

“(i) ‘more than 10 percent’ shall be substituted for ‘at least 80 percent’ each place it appears in section 1563(a)(1), and

“(ii) section 1563(b)(2) shall be applied without regard to subparagraph (C) thereof.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 1993.

**SEC. 3. REDUCTION IN CORPORATE CAPITAL GAINS RATE.**

(a) GENERAL RULE.—Section 1201 of the Internal Revenue Code of 1986 (relating to alternative tax for corporations) is amended by redesignating subsection (b) as subsection (c), and by striking subsection (a) and inserting the following:

“(a) GENERAL RULE.—If for any taxable year a qualifying corporation (as defined in section 168(i)(14)) has a net capital gain, then, in lieu of the tax imposed by section 11, 511, or 831(a) (whichever applies), there is hereby imposed a tax (if such tax is less than the tax

1 imposed by such section) which shall consist of the sum  
2 of—

3 “(1) a tax computed on the taxable income re-  
4 duced by the net capital gain, at the same rates and  
5 in the same manner as if this subsection had not  
6 been enacted, plus

7 “(2) a tax of 15 percent of the net capital gain.

8 “(b) TRANSITIONAL RULE.—In the case of a taxable  
9 year which includes the date of the enactment of this para-  
10 graph, the amount of the net capital gain for purposes  
11 of subsection (a) shall not exceed the net capital gain de-  
12 termined by only taking into account gains and losses  
13 properly taken into account for the portion of the taxable  
14 year after such date.”

15 (b) TECHNICAL AMENDMENTS.—

16 (1) Clause (iii) of section 852(b)(3)(D) of such  
17 Code is amended by striking “65 percent” and in-  
18 serting “85 percent”.

19 (2) Paragraphs (1) and (2) of section 1445(e)  
20 of such Code are each amended by striking “35 per-  
21 cent” and inserting “15 percent”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to sales and exchanges occurring  
24 after the date of the enactment of this Act in taxable years  
25 ending after such date.

1 **SEC. 4. REDUCTION IN INDIVIDUAL CAPITAL GAINS RATE.**

2 (a) GENERAL RULE.—Subsection (h) of section 1 of  
3 the Internal Revenue Code of 1986 (relating to maximum  
4 capital gains rate) is amended to read as follows:

5 “(h) MAXIMUM CAPITAL GAINS RATE.—

6 “(1) IN GENERAL.—If a taxpayer has a net  
7 capital gain for any taxable year, then the tax im-  
8 posed by this section shall not exceed the sum of—

9 “(A) a tax computed at the rates and in  
10 the same manner as if this subsection had not  
11 been enacted on the taxable income reduced by  
12 the net capital gain, plus

13 “(B) a tax equal to the sum of—

14 “(i) 7.5 percent of so much of the net  
15 capital gain as does not exceed—

16 “(I) the maximum amount of  
17 taxable income to which the 15-per-  
18 cent rate applies under the table ap-  
19 plicable to the taxpayer, reduced by

20 “(II) the taxable income to which  
21 subparagraph (A) applies, plus

22 “(ii) 15 percent of the net capital gain  
23 in excess of the net capital gain to which  
24 clause (i) applies.

25 “(2) TRANSITIONAL RULE.—In the case of a  
26 taxable year which includes the date of the enact-

1       ment of this paragraph, the amount of the net cap-  
2       ital gain for purposes of paragraph (1) shall not ex-  
3       ceed the net capital gain determined by only taking  
4       into account gains and losses properly taken into ac-  
5       count for the portion of the taxable year after such  
6       date.”

7       (b) TECHNICAL AMENDMENTS.—

8           (1) Paragraph (1) of section 170(e) of such  
9       Code is amended by striking “the amount of gain”  
10      in the material following subparagraph (B)(ii) and  
11      inserting “13/28 (19/34 in the case of a corporation)  
12      of the amount of gain”.

13          (2)(A) The second sentence of section  
14      7518(g)(6)(A) of such Code is amended by strik-  
15      ing “28 percent (34 percent in the case of a corpora-  
16      tion)” and inserting “15 percent”.

17          (B) The second sentence of section  
18      607(h)(6)(A) of the Merchant Marine Act, 1936, is  
19      amended by striking “28 percent (34 percent in the  
20      case of a corporation)” and inserting “15 percent”.

21      (c) EFFECTIVE DATE.—The amendments made by  
22      this section shall apply to sales and exchanges occurring  
23      after the date of the enactment of this Act in taxable years  
24      ending after such date.

1 **SEC. 5. REPEAL OF DEFERRAL ON FOREIGN EARNINGS.**

2 (a) IN GENERAL.—Subparagraph (A) of section  
3 956A(c)(1) of the Internal Revenue Code of 1986 is  
4 amended to read as follows:

5 “(A) the average of the amounts of—  
6 “(i) passive assets, and  
7 “(ii) post-1993 foreign investments,  
8 held by such corporation as of the close of each  
9 quarter of such taxable year, over.”

10 (b) POST-1993 FOREIGN INVESTMENT.—Subsection  
11 (c) of section 956A of such Code is amended by redesign-  
12 ating paragraph (3) as paragraph (4) and by inserting  
13 after paragraph (2) the following new paragraph:

14 “(3) POST-1993 FOREIGN INVESTMENT.—For  
15 purposes of this subsection, the term ‘post-1993 for-  
16 eign investment’ means any asset (other than United  
17 States property as defined in section 956) acquired  
18 by the controlled foreign corporation after December  
19 31, 1993.”

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years of controlled for-  
22 eign corporations ending after December 31, 1993.

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